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ABSTRACT

The definition of independent student that is used in determining eligibility for federal student financial aid is examined, along with potential compliance problems for independent students and differential treatment of independent and dependent students. Major factors for defining independence for students receiving federal financial aid are: whether the student lived with the parent for 6 weeks or more in the year prior to receiving aid, or will live with the parent for 6 weeks in the succeeding year; whether the student was claimed as an exemption or received at least $750 assistance in the year prior to receiving aid or in the succeeding year. For the 1985-1986 academic year, parents must provide a copy of their income tax return to verify that the student was not claimed as an exemption. Problems concern: verifying information provided by applicants, qualifying as independent but not demonstrating either visible means of self-support or a separate household, minimal funds available for older students, the practice of not claiming students as an exemption in order to maximize aid for their students who wish to attend out-of-state colleges, and the status of married students with normal income who apply for financial aid. An example illustrates disparities in financial aid for dependent and independent students. A 21-item bibliography is included. (SW)

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# STUDENT FINANCIAL AID AND THE INDEPENDENT STUDENT

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STUDENT FINANCIAL AID AND THE INDEPENDENT STUDENT

## Purpose

The purpose of the following information is to consider the independent student definition and the potential problems of compliance for the truly independent student as it relates to federal student financial assistance. The information will also describe the differential treatment of the independent student when comparing the financial aid process and need evaluation with that of the dependent student.

## Discussion

Student financial aid programs were developed to assist those students unable financially to meet the costs of post-secondary education. There has been a significant increase since the inception of the aid programs in not only the amount of dollars allocated, but the number of students receiving those dollars.

The age of college students has also shifted in the last decade. Today more than one-third of the student body in all colleges and universities is 25 years of age or older. By 1990, the National Center for Education Statistics (NCES) projects that this figure will rise to 47 percent. Women are primarily responsible for the growth in the college adult population. Generally, it is part-time learners in particular who are beyond the traditional college age. In 1981-82, according to NCES 41.5 percent of all students in college attend part time.

Many colleges and Universities have come to realize that student financial aid is just as important to adult students with financial need as it is to traditional-aged students. However, 'nationally, only one out of every five part-time students gets federal aid, whereas more than half of all "traditional" full-time students receive some financial help." (College Entrance Examination Board, 83)

The number of independent students has grown rapidly in all aid programs. For example, between 1976 and 1982, financially independent applicants in the federal government's multi-million-dollar Pell grant program increased by 50 percent (from 1.2 million to 1.8 million).

The determining factors for the declaration of independence by the student receiving federal financial aid are: 1) has the student lived with the parent for six weeks or more in the year prior to receiving aid; will the student live the parent for at least six weeks in the succeeding year? 2) did the student receive at least $750 assistance in year prior to receiving aid; will the student receive at least $750 assistance in the succeeding year? 3) was the student claimed as an exemption in the year prior to receiving aid; will the student be claimed as an exemption in the succeeding year? (College Entrance Examination Board, 1976)

For the 1985-86 academic year, the base years will be 1984 and 1985. A new criteria for the 1985-86 term is an additional requirement of those students claiming independence at age 22 or younger. A statement from the parents, and a copy of the parent's income tax return indicating the student was not claimed as an exemption is needed. It has been suggested, but not adopted, that 1) an age be the determining factor; 2) a minimum income of the student is required; or 3) both be used to determine independence. (New York State Education Department, 1981)

College officials, too, are dissatisfied with the current definition. Aid officers, who have to account for the proper use of public student aid subsidies, have a difficult time verifying all the information provided by applicants and families to prove financial dependence or independence. On the one hand, they encounter students who qualify as independent under existing rules but who cannot demonstrate either visisble means of self-support or the existence of a separate household. On the other, they see increasing numbers of (usually older) aid applicants for whom the existing rules seem unnecessary and overly burdensome.

The current need analysis system appears to treat the independent student too harshly, in part to avoid creating incentives for dependent students to establish independence as a way of qualifying for more aid. (Wagner and Carlson, April 1982)

This fact alone, has caused much controversey in the administration of the student aid programs and in the development of an adequate need analysis system. The largest source of local funds is usually in the form of scholarships. The most popular target population of institutions of higher education is normally the high school student, especially those within the state or their service area. The largest numbers of potential enrollment may be reached in this manner economically. Subsequently, the majority of scholarships are offered to the young student being recruited, leaving minimal funds for the older student who decides he/she has a need or desire for higher education.

There are, of course, advantages and disadvantages to the dependent/independent student status and financial assistance. A dependent student attending an institution in another state has little chance of obtaining

independent status for school purposes and in-state status while attending that institution. It is not unusual for out-of-state costs to be from three to four times that of in-state tuition costs. Parents of a dependent student can well afford to drop that dependent as an exemption, which is the only concrete proof of dependence, in lieu of the high out-of-state tuition and maintenance costs assessed. The student also enhances his chances of receiving more financial aid with his small income which relieves the parents of costs. Such situations may be one of the major reasons for strict policing policies of the legislators. (Ehrensperger, August 1972/Young, April 1973)

The government has maintained since the beginning of the federal aid programs that the responsibility for education of the dependent student lies with the family first and government last. In the case of the independent student, the student first and the government last. (Fife, June 1976)

Perhaps the status of the married student and financial aid is the most striking. A dependent student may come from a family who has a parent, or two, who can remain working and receive their normal income while the student is attending school. The independent student must maintain a residence separate from the parent and often has dependents of his own. The backup of parental support which is usually available to dependent students is also lacking.

The married student, with small children, who must reduce hours of employment often finds it difficult to deal with the unexpected expenses which are unique to rearing a young family. Since the need analysis is performed on the prior year's income, he/she is actually penalized for the larger income he/she has been earning. These students are also more likely to be in graduate school, which is more expensive than undergraduate school

and can be more strenuous when added to the responsibilities of supporting or sharing the responsibility for supporting a family. Add to this the fact that a student in graduate school is no longer eligible for Pell grants and is less likely to be eligible for other types of assistance. (Dent, Dick and others, June 1973)

The Guaranteed Student Loan Program, one of the primary sources of aid available to the graduate and usually independent student, readily shows the differential treatment of an independent student.

Students, whether dependent or independent, are automatically eligible to receive a Guaranteed Student Loan to meet their educational costs if the family's adjusted gross income for the prior year was less than $30,000. Those students with an adjusted gross income of $30,000 must complete a needs test to be eligible to borrow under the program. An expected family contribution table has been developed for those students with adjusted gross incomes of over $30,000. The table indicates the amount of income the student must use for his/her education before a loan may be obtained.

For the sake of easy comparison, the following illustrations are all based on an adjusted gross income of $30,001 to $30,124. The expected family contribution for a dependent student in a two-parent family with three exemptions is $2,890 and decreases to $0 when the number of exemptions increases to 10. A student must then finance $2,890 of the educational costs and may only borrow the balance of costs still outstanding. The higher the number of exemptions, the less they must finance. A student with an adjusted gross income of $30,000 or less may borrow the family contribution figure up to $2500 which is the maximum loan for one academic year, the other may not.

The independent, married student tables are in reverse of the dependent student. A married student with an adjusted gross income of $30,001, two

exemptions, will finance $22,480 in one academic term; with 12 exemptions, $24,690 before a Guaranteed Student Loan may be obtained. Thus, the dependent student's family pays less with the increased number of exemptions, while the married student's family pays more as the number of exemptions increase. (Federal Register, April 8, 1985)

Summary

The dependent/independent controversey has been debated in the financial aid world for quite sometime. However, one has to wonder what the rationale might be of the enacted formulaes. It appears the dependent student might find it difficult to begin or return to an institution of higher learning.

Most of the information available on the independent student qualifying for financial aid addresses the controversey of declaring independence. Very little appears to have been written about the need for the consideration of the unique needs, especially as those qualifying as heads of household.

The independent may also find it difficult to comply with requirements of the student financial aid process as well as the aid administrators who must enforce those requirements.

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